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24 August 1964

MEMORANDUM FOR THE RECORD

1. On Friday, 21 August, I met with the Director and Dr. Wheelon to discuss organizational arrangements for the FULCRUM Program in the CIA. After considerable discussion, the DCI stated that his concept of technical direction of the Program included the issuances of directives and the receipt of information through the Systems Management, and that therefore the chart proposed by Dr. Wheelon (which indicated the Systems Manager on the same line and level as the other three contractors) was unacceptable. After further discussion, Mr. McCone reaffirmed that the Systems Manager was not, repeat not, to be a prime contractor but that the CIA would do the contracting with each of the appropriate contractors and that there could be direct liaison and coordination between and amongst all contractors with the CIA element exercising technical direction as might be necessary but generally through the Systems Manager. At this moment, I undertook to revise the chart accordingly and obtain Mr. McCone's subsequent approval.

2. I then revised the chart in accordance with the attachment which is self-explanatory.

3. On the same afternoon I drove to the airport with Mr. McCone in order to button up all remaining matters as regards the FULCRUM concept. Mr. McCone approved the attached chart with two changes. He stated that the NRO and Secretary Vance had clearly agreed to go ahead with Phase I FULCRUM

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4. Mr. McCone agreed in full with the phraseology of the red, orange, and blue designators, and we discussed exactly what the orange line meant. I stated that this meant full authority and responsibility to make all decisions, technical as well as policy, and that it placed upon a governmental unit the responsibility and authority which the Government must retain. Mr. McCone agreed but indicated that there are some areas of "decision making" and "requirement establishing" which the CIA could delegate to the Systems Manager, always, of course, having the full authority to review and override or change the Systems Manager's proposals. I stated that of course there could be many routine actions that the Systems Manager could take which would in no way transgress on the authority of the Government element (CIA) but that the decision as to what these areas might be must of course remain with CIA. Mr. McCone agreed and stated that routine actions involved in coordination, liaison, project integration, engineering "budgets," interface control between contractors, quality engineering programs, test analysis, etc., could easily be handled by the Systems Manager with the CIA looking over their shoulder all the time, and that, in any event, all policy, and all decisions affecting the Program would be made by the CIA. Further, that the CIA would determine the breakdown in functions and the degree of supervision, and the jobs to delegate to the Systems Engineers. Mr. McCone indicated that the chart should be amended accordingly and he approved amendment of the red line as I have shown it.

5. I then brought up specifically the degree of coordination and authoritative supervision that was to be exercised by the NRO staff over the Program. Mr. McCone indicated that it should be generally the same as exercised over other NRO programs, certainly no more, and, in view of our competence, might well be considerably less. Mr. McCone stated that he was determined to keep within the CIA, and to augment as necessary, the high competence he presently had in this field, and he realized that to keep this type of competence, the people involved must have authority as well as responsibility in areas of their technical competence. I then said that Dr. McMillan was insisting that the work statements be approved by him and that I could see nothing but trouble in this regard. Mr. McCone stated that it was not necessary to get NRO approval of the work statements nor was it necessary to have advanced coordination with the NRO staff.

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He directed that we go ahead with the work statements to the appropriate contractors, insuring that they were in line with his 14 August letter to Wheelon, and to furnish a copy to the NRO. He then directed that Dr. McMillan be kept periodically informed of progress in the FULCRUM Program just as we keep him periodically informed on progress of all other NRO programs.

6. I then asked him specifically if he had agreed to the Vance letter to him dated 29 July. He stated that he agreed only that the work to be performed by CIA would be that proposed in Items a and b of the first paragraph of the Vance letter, augmented by spacecraft design as well as recovery vehicle if this is a separate item -- in other words, a complete system for Phase I. As to the caveats 1 through 6, and the last two paragraphs of the Vance letter, he had not taken a position nor were these items specifically covered other than as I have previously indicated above as to Item 4 and the reversal on Item 5.

7. Mr. McCone stated that we should get Dr. Scott in on contract just as soon as possible and to sign him up permanently just as soon as possible so we can utilize his great competence in helping us review the optical designs.

8. Subsequently, in order to make abundantly sure that Mr. McCone and I had a full meeting of the minds, I talked to him by telephone and was directed to go right ahead and send out the work statements to the contractors, with an information copy to NRO. He further reiterated that the total amount of [redacted] had been committed to the CIA for this Program and agreed that if there was a real first-class hoedown on this matter, he was prepared to go it alone and finance it out of our own funds. Finally, he told me to go right ahead with the Program in accordance with his guidance in the 14 August memo to Wheelon and the Minutes of the 18 August meeting as prepared by Mr. McCone, and to get the show on the road.

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Marshall S. Carter
Lieutenant General, USA
Acting Director

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